

MULTIFAMILY NEWS

MARCH 2004

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MULTIFAMILY INTEREST RATES

Permanent Loan Base Rate
(30-year amortization) 5.50%

Construction Loan Program
(LIBOR based) 2.63%

Tax-Exempt Bridge Loan 4.00%

Special Needs Financing 1.00 to 3.00%

Taxable Financing Call for quote

Earthquake Insurance Waiver Program

With today's ever increasing development costs and the need for additional financial resources, CalHFA felt it was an appropriate time to evaluate its earthquake insurance requirements.

As a result of this evaluation, on September 18, 2003, at the CalHFA Board Meeting, the Agency introduced an earthquake insurance waiver program for new construction projects. To qualify for the waiver, projects must meet specific damage ratio limits that ensure life safety and limit damage inflicted to the buildings. The earthquake waiver is subject to a waiver review conducted by an independent third party consultant. The waiver review includes submission of a questionnaire completed by the project architect and/or engineer; a review of the site's seismic and geotechnical reports and a review of the project's structural design using the latest UBC

guidelines. The new policy does not apply to existing projects in the Agency's loan portfolio.

The estimated cost of the waiver review, paid for by the borrower, is \$10,000, payable prior to ordering the earthquake waiver review. Additional charges may be required depending on the project design and other requirements necessary to fully complete the seismic risk evaluation. The cost of the seismic waiver can generally be recouped within a year or two from the cost savings of not having an annual earthquake insurance premium. The additional benefit of this change is the savings (cash flow) can be used to obtain a larger loan from CalHFA, thus reducing the amount of subordinate or additional financing that may be required.

Board Approvals - September 2003

On September 18, 2003, the CalHFA Board of Directors approved a record ten loan commitments for multifamily projects with a total of 817 units and CalHFA financing totaling \$119,087,200. The projects included farm worker family housing, new construction family housing, preservation loans, and mixed-use developments.

CalHFA provided construction financing for three of the projects outlined on page 2.

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Special Needs Housing

The CalHFA Special Needs Lending Program has financed a wide variety of projects over the last six years. Unique among these projects are three developments that address critical housing needs in urban and suburban areas. Far East, Ferris Drive and Michelle Circle represent the Agency's motivation to finance alternative types of special needs housing that fit well with their respective neighborhoods.

Far East

CalHFA has made two Special Needs Program loans to Little Tokyo Service Center Community Development Corporation to finance the historical renovation of a three story mixed-use building which was badly damaged in the 1994 Northridge Earthquake in Los Angeles. The first CalHFA loan, a construction period lender loan, closed in January 2003. The Agency is also making a permanent loan to the project which will close in early 2004.

The renovation included the restoration of a landmark restaurant, a computer learning center, and 16 units of housing on the top two floors. The building which was built in 1909 is part of the National Landmark Little Tokyo Historic District, near the LA Civic Center.

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Board Approvals - September 2003, cont.

Copper Creek Apartments:

Ruth Vakili - Loan Officer
\$19,210,000 Construction Loan
\$6,955,000 Bridge Loan
\$4,410,000 Permanent Loan

Copper Creek Apartments is a 156-unit inclusionary zoning, new construction family apartment project in San Marcos, north of San Diego. The project is located in a new 1,920 acre master plan community which will include 3,400 homes, a retail commercial town center, schools and parks.

Northwood Apartments:

Edwin Gipson - Loan Officer
\$7,000,000 Permanent Loan
\$1,000,000 Bridge Loan

Northwood Apartments is a 96-unit, new construction family project on a ground lease, located in Irvine. The project will consist of six three-story buildings (garden style and walk-up) and a community building.

Villa Amador:

Edwin Gipson - Loan Officer
\$13,000,000 Loan to Lender
\$ 5,280,000 Permanent Loan

Villa Amador is a 96-unit, new construction family project located in Brentwood, in Contra Costa County, west of Stockton. Twenty-five of the units are set aside for farm worker housing.

Villa Cesar Chavez:

Debra Starbuck - Loan Officer
\$6,980,000 Loan to Lender
\$3,185,000 Permanent Loan

Villa Cesar Chavez is a 52-unit, new construction town home development located in Oxnard. All units are set aside for farm worker family housing. The USDA's Department of Rural Development, through its Section 514 Farm Labor Housing loan program, provides a rental subsidy for the project.

Villa Victoria:

Debra Starbuck - Loan Officer
\$7,100,000 Loan to Lender
\$3,925,000 Permanent Loan

Villa Victoria is a 54-unit, new construction town home development, located in Oxnard, north of the proposed Villa Cesar Chavez project. Twenty-seven of these units are set aside for farm worker housing. Villa Victoria is also utilizing Section 514 funds for this development.

BRIDGE Housing

BRIDGE Housing

MERCY Housing

Cabrillo Economics

Cabrillo Economics

Moulton Plaza:

Jim Liska - Loan Officer
\$5,810,000 Permanent Loan
\$3,055,000 Bridge Loan

Moulton Plaza is a 66-unit, new construction family project located in Sunnyvale, Santa Clara County. The development will be comprised of two- and three-story garden style buildings.

Oak Village Apartments:

Jim Liska - Loan Officer
\$7,487,200 Permanent Loan

Oak Village is an existing 117-unit, family apartment complex located in Oakland. Originally constructed in 1973, Oak Village is an acquisition/rehabilitation project. All 117 units will be rehabilitated over a 24-month period.

Ocean View Garden Apartments:

Roger Kollias - Loan Officer
\$4,355,000 Permanent Loan

Ocean View Garden Apartments is an existing 62-unit, family apartment complex located in Berkeley. The project also contains a ground floor retail/commercial unit. Ocean View Garden Apartments, originally constructed in 1982, is an acquisition/rehabilitation project with rehabilitation of a majority of the 62 units.

Coyote Run Apartments - Phase II:

Tina Ilvonen - Loan Officer
\$6,450,000 Construction Loan
\$1,600,000 Permanent Loan

Coyote Run Apartment, Phase II, is a 66-unit, new construction family project located in Palm Springs. Phase II is adjacent to the pre-existing 140-unit project of the same name.

Bayport Apartments:

Tina Ilvonen - Loan Officer
\$9,335,000 Construction Loan
\$2,950,000 Permanent Loan

Bayport Apartments is a 52-unit, new construction family project located in Alameda on the site of the former Alameda Naval Air Station. The project will be in the 72-acre Bayport Home redevelopment project which at completion will include 485 market rate single family homes, ten affordable town homes, a four-acre park, and an elementary school.

Mid-Peninsula Housing

The Related Companies

A. F. Evans Company

Coachella Valley Housing

Resources for Community Development

Special Needs Housing, cont.

Far East, cont.

To meet National Register standards, the public areas of the building were renovated back to their original condition. An elevator was added to provide accessibility for handicapped tenants.

Eight of the 16 units will serve formerly homeless people with disabilities whose incomes will be at or below 35% of state median income. Services will be offered to all of the residents with the goal of fostering independent living and integrating the residents into the "main stream" population. Some of the services include assistance in applying for government benefits, job training and placement programs, translation and ESL classes, personal and family counseling, immigration assistance, senior services and referrals for treatment programs depending on the disability of the resident.

The Little Tokyo Service Center Community Development Corporation, which has been operating since 1993, is a non-profit 501 (c)(3) agency that has built 265 units of housing to date, as well 45,000 square feet of commercial space. They are affiliated with the Little Tokyo Service Center which for the last 20 years has been offering a full range of social services in the Little Tokyo neighborhood of Los Angeles. The service center is located one-half mile from the Far East Building.

The CalHFA loans will include a lender loan in the amount of \$1,700,000 and a permanent loan in the amount of \$160,000 both with interest rates of 3%.

Ferris Drive

Located in the town of Novato, in Marin County, this seven-bedroom group home provides permanent housing for six adults with severe developmental disabilities who require on-site staff assistance at all times. Each resident's sole source of income is SSI (25% of area median income). The Cedars, the non profit sponsor that developed the Ferris Drive and Michelle Circle projects, provides a full range of individually tailored services to enrich each resident's life experiences and to assist residents in achieving their highest potential.

Some of the services offered include textile arts training, dramatic arts training, independent living skills, money management, work habits, and socialization and communication. An ever-changing catalog of instructional training and work programs enables individuals to make choices, develop talents, refine skills, and contribute as members of the community. The CalHFA Loan will be repaid from tenant rents and project-based Section 8 certificates. Interest Rate: 1% first mortgage; Loan Amount: \$450,000; Loan Term: 15 years; Additional Resources Leveraged: \$115,000 in a deferred HOME loan from the County of Marin, \$200,000 in grant funds from the Golden Gate Regional Center, and a \$107,030 equity contribution from the sponsor. Status: Construction is complete and the Agency permanent loan closed in 2003.

Michelle Circle

Like the Ferris Drive project, this seven-bedroom group home is located in Novato and provides permanent housing for six adults with severe developmental disabilities who require on-site staff assistance at all times. Each resident's sole source of income is SSI (25% of area median income). The Cedars provides the same range of services to residents as is provided to residents of the Ferris Drive project. The CalHFA Loan will be repaid from tenant rents and project-based Section 8 certificates. Interest Rate: 1% first mortgage; Loan Amount: \$450,000; Loan Term: 15 years; Additional Resources Leveraged: \$200,000 in grant funds from the Golden Gate Regional Center, and a \$234,230 in an equity contribution from the sponsor. Status: Construction is complete and the Agency permanent loan closed in 2003.

Spotlight on Staff

Carol Goodman is a Housing Finance Officer specializing in Special Needs. She has nearly 30 years of experience in the area of health and human services. For nearly nine years, she worked as both an analyst and a manager in the State's Medi-Cal program, including a two-year assignment with the federal Health Care Financing Administration. After leaving State government in 1984, Carol worked for KPMG Peat Marwick as a health care consultant to government agencies throughout the country on issues related to Medicaid, long term care, managed care and behavioral health. She also served as Director of Government Relations for the California Association of Health Facilities, and as a Director for Foundation Health's CHAMPUS program. From 1990 until her return to State government in 2000, Carol operated her own health care consulting business. Most recently, she was a supervisor in the Department of Mental Health with responsibility for a variety of programs, including the Supportive Housing Initiative Act.

Jim Liska is a Housing Finance Officer in the Multifamily Programs Division. Jim is currently the primary contact person in Multifamily Programs for the Agency's Prop. 46 (Preservation Opportunity Program) and Preservation loan programs. Jim previously worked with CalHFA for six and one-half years as a loan officer originating a wide range of Agency products. He was instrumental in the growth of the Multifamily Division. During Jim's two-year absence he worked in the private sector originating FHA insured and related Multifamily products. Jim's extensive lending experience includes both single family and HUD assisted loans. Jim is also a Certified General Appraiser in California.

Multifamily Staff

MULTIFAMILY PROGRAMS

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HELP PROGRAM

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Housing Finance Chief

Carol Goodman
Housing Finance Officer

Amanda Rose
Housing Finance Specialist

Pam Wilson
Management Services
Technician

ARCHITECTURAL SERVICES (Located in Culver City)

Gene Lai
Chief, Architectural Services

Reggie Wong
Senior Design Officer

Bob Daniels
Senior Construction Inspector

Catherine Dolph
Project Coordinator

Susan Murtishaw
Associate Design Officer

Josie Hernandez
Administrative Assistant

Travis Lucy
Technical Assistant

Mauricio Munoz
Technical Assistant

Sabrina Saxton
Technical Assistant

SMALL BUSINESS DEVELOPMENT

Dee Molina
Housing Finance Specialist